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Tarrant County Texas 2008 Oct 27 12:56 PM

Fee: \$ 32.00

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5 Pages

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALLSUSPINITHE POPULED WING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision

# PAID UP OIL AND GAS LEASE (No Surface Use)

THIS LEASE AGREEMENT is made this 4th day of September, 2008, between KARL H MUELLER, III, HIS SOLE AND SEPARATE PROPERTY, 7910 Twin Hills Drive, Houston, Texas 77071-1325 as Lessor, and PALOMA BARNETT, LLC, 1021 Main Street, Suite 2600, Houston, Texas 77002-6066 as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor

In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, teases and lets exclusively to Lessee the following described land, hereinafter called leased premises;

See Pyhihit "A"

In the County of TARRANT, State of TEXAS, containing \$.0673 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon substances produced in association therewish (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described lesses, this lease also covers accretions and any smell strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described seased premises, and, in consideration of the aforementioned cash bodies, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shuf-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

of unit one or hereither commed by Lessor which are configurates or adjoint to the above-described seared presents and consideration of the proposed of determining the amount of any study in cycles forecasted. Lessor search are proposed of determining the amount of any study in cycles forecasted, the number of gress zeros above specified shall be deemed correct, whether called the comment of the proposed of of the pro

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations or the parlies hereunder shall extend to thair respective heirs, deviseas, executors, administrators, successors and assigns. No change in all the control of the parlies here in the related of evoluting the eights or enlarging the obligations of Lessee hereunder, and now here in controlled on Lessee unit of days after Lessee here the effect of reducing the eights or enlarging the obligations of Lessee hereunder, in classer or will classor has assisted the notification requirements contained in Lessees hereunder, classor has assisted the notification requirements contained in Lessees was all norm of making order. In the event of the death of any person entire the control of the co

and prefered right and oppoin to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the order.

13. No fitigation shall be initiated by Lessor with respect to any breach or default by Lessoe hereunder, for a period of at leaset 90 days after Lessor has given Lessoe written notice fully describing the breach or default, and then only if Lessoe falls to remody the breach or default, within such period. In the event the matter is illigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfielted or canceled in whole or in part unless Lessoe is given a reasonable time after said judicial determination to remody the breach or default and Lessoe fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessae, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessoe) from oil or gas wells the surface locations of which are stillusted on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to roughly or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessoe hereunder, and agrees at Lessoe's option may pay and discharge any tree party to whom payment is made, and, in addition to its other rights, may reimburste itself out of any royalties or shut-in royalties otherwise payable to the roughts of hereunder, without interest, until Lessoe has been furnished satisfactory widence that such daim has been resolved.

16. Mosvithstanding anything confained to the contrary in this lease, Lessoe shall not have any rights to use the surface of the leased premises for drilling or other po

17. Lessor, and their successors and assigns, hereby grants Lessee an option to extend the primary term of this lesse for an additional period of two (2) years from the end of the primary term by paying or tendering to Lessor prior to the end of the primary term the same bonus consideration, terms and conditions as

DISCLAIMER OF REPRESENTATIONS: Lessor addrowledges that oil and gos lesse payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations, Lessor understands that these lease payments and terms are finel and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITHESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs. devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all perties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE)

1

PAID UP OIL & GAS LEASE DOCUMENT

CIVIL PRACTICE & REMEDIES CODE § 121.007

Prod. No. 5243

Reorder: Call Toll-Free 1-800-876-6827

State of Texas

County of Harris

Before me, Nellie J. Chavez, Nother Public on this day personally appeared Vor H. Harne of Signer on the same of signer me, Nother Public State of Texas

County of Harris

Before me, Nellie J. Chavez, Nother Public on this day personally appeared Vor H. Harne of Signer on the same of signer on the same of Signer on the same of the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this

Signer of Notes and Signer TEXAS ORDINARY CERTIFICATE OF ACKNOWLEDGMENT

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# Exhibit "A"

#### TRACT 1:

18.065 acres of land, more or less, out of the North Half of the I Earls Survey described in deed 2048/596; beginning at a point 1315 feet West of and 610 feet South of the NE corner of the I Earls Survey. Thence South 610 feet; Thence West 1290 feet; Thence North 610 feet; Thence East 1290 feet to the place of beginning. It is expressly understood and agreed that Grantors reserve and retain to themselves an undivided (One-half (50%) interest in all oil, gas and minerals (25% Per Grantor; I.W. Jarrell and 25% Per Grantor; Sam Wheat).

# Save and Except:

.156 acres, more or less, being Lot 35 of the Rush Creek Ranch Estates described in deed 6455/538.

#### TRACT 2:

18.415 acres of land, more or less, out of the North Half of the I Earl Survey, described in deed 2048/597; beginning at a point 25 feet West of and 610 feed South of the NE Corner of the I Earls Survey in Tarrant County Project 2073; Thence South in the West line of said County Project 2073, 196.5 feet to a point, the beginning of a curve to the left whose center bears East 286.5 feet; Thence around said curve in the Westerly Right of Way line of said Project 2073, 141.4 feet to a point in the East line of the said I Earls Survey; Thence South in the East line of said survey 291 feet to a point in the North Right of Way of County Project 2083; Thence West in the North line of said Project 2083 and continuing West in all 1315 feet to a point; Thence North 610 feet to a point; Thence East 1290 Feet to the place of beginning. It is expressly understood and agreed that Grantors reserve and retain to themselves an undivided (One-half (50%) interest in all oil, gas and minerals (25% Per Grantor; I.W. Jarrell and 25% Per Grantor; Sam Wheat).

### Save and Except: Four (4) Tracts:

#### Tract 1:

4.8639 acres of land, more or less, being part of the Rush Creek Ranch Estates out of the I Earls Survey, Tarrant County, Texas, described in deed 3931/151. Said tracts cover Lots 8, 9, 10 and 11, and a tract beginning at point 870 feet South of and 225 feet West of NEC of the I Earls Survey; Thence South 175 feet; Thence East 340 feet; Thence North 175 feet; Thence West 340 feet back to the place of beginning.

## Tract 2:

1.2913 acres of land, more or less, being part of the Rush Creek Ranch Estates out of the I Earls Survey, Tarrant County, Texas, described in deed 3104/417. Said tract covers Lot 12. Beginning at a point South 1045 feet & West 565 feet; Thence West 150 feet; North 175 feet; East 150 feet; South 175 feet to the place of beginning. (150' x 175').

### Tract 3:

.597 acres of land, more or less, being part of the Rush Creek Ranch Estates out of the I Earls Survey, Tarrant County, Texas, described in deed 6455/538. Said tract covers Lot 6 Rush Creek Ranch Estates.

### Tract 4:

.567 acres of land, more or less, being part of the Rush Creek Ranch Estates out of the I Earls Survey, Tarrant County, Texas, described deed 6455/538. Said tracts covers part of the I Earls Survey, beginning at a point 610 feet South of and 225 feet West of NEC of said survey; Thence South along West side of lot 6 Rush Creek Ranch Estates 130 feet to a point; Thence West 190 feet to a point; Thence North 130 feet to a point; Thence East 190 feet to the place of beginning (130'x 190').

## TRACT 3:

36.15 acres of land, more or less, out of the North Half of the I Earls Survey, described in deed 2159/412, beginning at a point 5185 feet East of the NW Corner of the I Earls Survey said point being in the Westerly Right of Way line of County Project 2073; Thence South in the West line of said County Project 2073, 610 feet to a point; Thence West 2580 feet to a point; Thence North 610 feet to a point; Thence East 2580 feet to the place of beginning. (The Grantors hereby reserve to their selves an undivided One Half Interest (25% Per Grantor; I W Jarrell and 25% Per Grantor; Sam Wheat) in and to all of the oil, gas, coal, gold, silver, sulfur, and other minerals of every character on, in and under this land, together with the right to produce the same.

# Save and Except: Five (5) Tracts:

### Tract 1:

14.29 acres of land, more or less, being part of the Rush Creek Ranch Estates out of the I Earls Survey, Tarrant County, Texas, described in deed 2688/526. Said tract cover Lots 1, 2, 3, and a tract beginning at an iron stake fence line 225 feet West of NEC of I Earls Survey; Thence South 372.4 feet along West side of said Lots 1, 2 and 3 to an iron stake for corner; Thence West 1450 feet to an iron stake for corner; Thence North 372.4 feet to an iron stake for corner, Thence East along fence line 1450 feet to beginning.

#### Tract 2

3.47 acres of land, more or less, being part of the Rush Creek Ranch Estates out of the I Earls Survey, Tarrant County, Texas, described in deed 2688/526, described as follows: beginning at a point South 360 feet & West 415 feet of NEC; Thence South 120 feet (said line being 190 feet West of West line of Lot 4 Rush Creek Ranch Estates); Thence West 1260 feet; Thence North 120 feet; Thence East 1260 feet to point of beginning.

#### Tract 3:

1.0744 acres of land, more or less, being part of the Rush Creek Ranch Estates out of the I Earls Survey, Tarrant County, Texas, described in deed 2704/578. Said tract covers Lot 4, and a tract beginning at a stake 360 feet South of and 225 feet West of NEC of said survey; Thence South 120 feet (said line being 190 feet West of West line of Lot 4 Rush Creek Ranch Estates); Thence West 1260 feet; Thence North 120 feet; Thence East 1260 feet to point of beginning.

#### Tract 4:

7.5723 acres of land, more or less, being part of the Rush Creek Ranch Estate out of the I Earls Survey, Tarrant County, Texas, described in deed 6455/538. Said tract is as follows: beginning at a point South 480 feet & West 415 feet of NEC; Thence South 260 feet; Thence West 1260 feet; Thence North 260 feet; Thence East 1260 feet to the place of beginning. (260° x 1260°).

## Tract 5:

1.172 acres of land, more or less, being part of the Rush Creek Ranch Estates out of the I Earls Survey, Tarrant County, Texas, described in deed 5448/572. Said tract covers Lot 4, and a tract described as follows: Beginning at a point South 480 feet & West 225 feet; Thence South 130 feet; Thence West 192.7 feet; Thence North 130 feet; Thence East 192.7 feet to the place of beginning.

## TRACT 4:

36.15 acres of land, more or less, out of the North Half of the I Earls Survey, Tarrant County, Texas, described in deed 2309/351. Deed Illegible, but acreage, metes and bounds, and reservations referenced in REIS Index Cards, and Deed of Trust 878/567 from Marvin A Harrodd to I W Jarrell. Being out of the I Earls Survey, beginning at a point 25 feet East of the NW Corner of the I Earls Survey, said point being in the Easterly right of way line of County Project 2042; Thence East 2580 feet to a point; Thence South 610 feet to a point; Thence West 2580 feet to a point; Thence North 610 feet to the place of beginning. (Grantor, I W Jarrell; hereby specifically reserves unto himself One-Half (50%) of all the oil, gas and mineral rights in and to said land, together with the right to produce the same).

### TRACT 5:

36.15 acres of land, more or less, out of the North Half of the I Earls Survey described in deed 2244/28; beginning at a point 25 feet East of and 610 feet South of the NW Corner of the I Earls Survey; said point being in the Easterly Right of Way line of County Project 2042; Thence East 2580 feet to a point; Thence South 610 feet to a point; Thence West 2580 feet to a point in the said East line of said County Project 2042; Thence North 610 feet in the East line of said County Project 2042 to the place of beginning. It is expressly understood and agreed that Grantors reserve and retain to themselves an undivided (One-half (50%) interest in all oil, gas and minerals (25% Per Grantor; I.W. Jarrell and 25% Per Grantor; Sam Wheat).